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ABSTRACT

By the end of 2005, the oldest baby boomers will begin turning 60. Although baby boomers have generally done better than any previous generation in terms of income and education, not all baby boomers have been successful. As baby boomers age, the total economically disadvantaged population will increase. Consequently, over the next decade, the population of individuals eligible for Job Training Partnership Act (JTPA) programs will also increase and age. Because individuals are not only living longer but also remaining healthy enough to continue working longer than ever before, and because of the new emphasis on computer and communication technology and "soft skills" in the postindustrial age, those older adults with up-to-date skills will have new opportunities for continuing work later in life. The JTPA system should begin preparing for the aging of its participants and for possibly expanding program services to accommodate growing need. The JTPA system should reexamine its current service delivery approaches to ensure that its strategies are appropriate for older workers. (Seventeen tables/figures are included. Contains 27 references. Appended are a graph and table detailing U.S. population increases and ages in 1965-2015 and estimating the labor force activity of mature and older workers.) (MN)

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Employment and Training Administration
United States Department of Labor

The Aging Baby Boom: Implications for Employment and Training Programs

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June 1997

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2100 M Street NW
Washington, DC 20037

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EXECUTIVE SUMMARY

The post-World War II baby boom generation has had a profound effect on public policy and society at large. At each stage of the life cycle, this generation has changed the demand for public services. The social and policy phenomena associated with the baby boom result from a complex interaction of (a) the sheer numbers of people in this generation, and (b) the coincident occurrence of important events and developments in society and the economy as a whole.

As the baby boom generation turns fifty, it is important to reconsider the implications for U.S. employment and training programs. This paper presents background information about the baby boom generation, its characteristics, how it compares to other generations, and factors affecting this cohort.

Population

- The baby boom generation consists of persons born between 1946 and 1964. In 1996 baby boomers were between the ages of 32 and 50. By the end of 2005, the first of the baby boomers will begin to turn 60.

- About 75 million baby boomers were born in the U.S. between 1946 and 1964. Today, there are about 83 million baby boomers in the U.S., about 10 percent of whom were born in other countries. Since immigrants tend to be younger than the general population, their presence means that 54 percent of baby boomers are in the younger part of the generation (32 to 40 years old in 1996) and 46 percent are older (41 to 50 years old in 1996).

- In 1995, baby boomers represented about 41 percent of the national total population. Projections are that they will continue to be a significant portion of the population until at least 2025, when there will still be 65 million baby boomers, ranging in age from 61 to 79 and constituting 25 percent of the population.

Workforce

- When baby boomers began entering the workforce, they increased the size of the labor market. Since then, they have raised the average age of the workforce. Assuming a retirement age of 65, baby boomers will not begin to retire until 2011. The median age of workers in 1994 was 38 years and by 2005, the median age will be 41 years. The labor force will continue to age until about 2015.

- In 1995, there were about 41 million workers age 45 and older, representing about 31 percent of the labor force. By 2005, there will be about 55 million workers 45 and older, or about 37 percent of the labor force. Much of the increase will occur in the 50 to 60 year old category. After 2005, there will also be an increase in the 60 to 70 year old category until the early baby boomers begin retiring in large numbers after 2020.

- Baby boomers in general have done better than any previous generation in terms of income and education. Real median household income is 35 to 53 percent higher than in their parents' generation, and about 25 to 30 percent of baby boomers have four or more years of college. Still, 11 to 13 percent lack a high school diploma. Younger baby boomers (32 to 40 year olds in 1996) have not done as well as those 41 to 50 years old. The wage stagnation that began in the mid-1970s particularly affected the younger baby boomers, especially those without high school diplomas. Baby boomers who have not graduated from high school have experienced real incomes that are 12 percent lower than for similarly educated persons in their parents' generation.

Economically-Disadvantaged

- The total economically disadvantaged population (i.e., the JTPA eligibles) will increase by about 2.3 million, or 9.5 percent, between 1995 and 2005. The age distribution of this low-income population will shift up because of the aging baby boom. In 2005, there will, for example, be about 1.3 million more 45 to 54 year old disadvantaged adults than in 1995 and 1.4 million more 55 to 70 years. In contrast, there will also be about 200,000 more 20-24 year olds and about three-quarters of a million *fewer* disadvantaged 25 to 34 year olds.

- This means that the JTPA-eligible population will age over the next decade. In 1995, 40 percent of the eligibles were under 34 years old, 21 percent were between 35 and 44, and 40 percent were over 45 years old. By 2005, 36 percent will be under 34, 20 percent will be between 35 and 44, and 47 percent will be over 45. Young adults 20-24 will continue to comprise about 10 percent of the eligible population.

Employment and Training

- In 1995, no more than about 3 percent of the 8.4 million economically disadvantaged 45 to 70 year olds participated in a federally-sponsored employment and training program. About half of those who did participate were over age 55 and in one of the two programs specifically for persons 55 and older--Senior Community Service Employment Program (SCSEP) (97,500 participants) and the special Job Training Partnership Act (JTPA) older workers program under Section 204(d) (13,700 participants).

- About 104,000 mature workers (age 45 and older) participated in JTPA in 1995. About 91,000 of these were in JTPA Title III dislocated worker programs. Only about 18,000 persons 45 and older were in Title IIA adult programs, which was about 11 percent of all Title IIA participants. Only about 2 percent of all IIA participants were 55 years of age or older. The overwhelming majority of mature workers in JTPA were under 55 (72 percent of the Title III and 81 percent of the Title IIA participants). Given that older persons represent about 45 percent of the eligible population, this means that older workers in general (45 and older) have been substantially under represented in JTPA IIA adult programs, in part because fewer in this age range may choose to apply.

Future Directions

- Based on historic participation, one can anticipate that the demand for employment services by older workers will increase as the baby boom generation ages over the next twenty years. That demand, mainly from those with relatively less education and work skills, may suggest that current employment and training programs should begin now to prepare for the aging of its participants and, possibly, for expanding program services to accommodate growing need. Even if the rate of participation by mature baby boomers is the same as for mature workers today, the number of persons 45 and older in IIA programs could nearly double between 1995 and 2005. If the rate of older workers choosing to enter JTPA increases, then, of course, there would be relatively more participants age 45 and older.

- The JTPA system should re-examine current service delivery approaches to assure that strategies are appropriate for older workers. For example, promising approaches include work experience/community service and small group instruction (rather than large classroom settings).

- As the baby boom ages, more persons will become eligible for special older worker employment programs. The SCSEP has been fairly effective with low-income workers over 55, but at current funding levels can serve only about 1 percent of eligibles. Once the baby boom begins to reach 55 in 2001, far fewer than 1 percent will be able to participate if funding remains constant. An increase in funding proportionate to the increase in the older population seems justified. Between 1995 and 2005, there will be 1.4 million more disadvantaged persons between the ages of 55 and 70.

- There will also be an increased need for employment-related services by persons between the ages of 45 and 54, below the SCSEP age level of 55. There will be about 1.3 million more 45 to 54 year old disadvantaged adults in 2005 than in 1995, and one third of these will be between the ages of 50 and 54. The SCSEP and 204(d) programs could be expanded to also serve the younger cohort, but services should not be reduced for those over 55. Projections are that both groups will be experiencing substantial growth.

- Federal policymakers should consider ways to also leverage both public and private resources to minimize the number of older baby boomers who need extra public support, for example, by encouraging more flexible combinations of work and retirement; and to maximize the productivity activity that this highly educated generation can continue to provide well into their sixties and beyond (e.g., by encouraging and channeling more voluntarism and community service).

I. INTRODUCTION

The generation referred to as the post-World War II Baby Boom has had a profound effect on public policy and society at large. Between 1946 and 1964, about 75 million children were born in the U.S.--an average of about 4 million births each year, compared to an annual average of less than 3 million in the preceding 20 years. Births peaked at over 4.2 million a year in the early 1960s. In 1996, the baby boom generation in the U.S., that is persons between the ages of 32 and 50, totaled over 80 million, including those born in other countries but now residing here.

At each stage in the life cycle, this generation has changed the demand for public services and the market for a range of products. In the 1950s and 1960s, the public policy challenge centered on the need to expand public elementary and secondary schools to educate the baby boom. By the mid 1960s as the baby boomers began entering adulthood, the labor market and institutions of higher education were challenged to absorb larger numbers of individuals than in previous years. Beginning in the 1970s and continuing today, the presence of a large cohort of child-bearing adults also contributed to a redefinition of a number of social and economic institutions such as family and work, and presented major new business opportunities created by the expanded market for goods and services preferred by young adults and families.

The social and policy phenomena associated with the baby boom result from a complex interaction of (a) the sheer numbers of people in this generation and (b) the coincident occurrence of important events and developments in society and the economy as a whole. Major changes have occurred in the nation since World War II that have influenced this generation of workers.

The workplace, for example, has changed dramatically as the structure of work, the role of computers and communication technology, and the globalization of labor markets replaced the earlier industrial-based market. Baby boomers have faced and continue to face a very different work world than earlier generations.

Demographic shifts, especially increased life expectancy and reduced fertility, have also changed the way individuals and families think about their work years and their "old age." The generation is now passing through the phase of the life cycle in which individuals are, or should be, at their peak in terms of earnings potential, wealth accumulation, and career success. In 1996, the first of the baby boomers reached the age of 50. Just as the baby boomers redefined the popular notion of what other life cycle phases mean, there is evidence that they are now contributing to a redefinition of aging and what it means to be a mature adult or an older worker and what it means to retire.[1]

In fact, for nearly twenty years, policy makers, analysts, and social scientists have been concerned with the effect the baby boomers will have on the nation as they enter retirement.[2] Will the working age population be able to support the large number of retirees or will the boomers have saved enough for retirement? What are the implications for the Social Security and health care system of an aging population? Will there be an adequate supply of labor to replace the retiring baby boomers? A broad array of policies and programs have been developed or modified

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[1]A proliferation of recent books are aimed at understanding and adapting to the changes and transitions between life phases and changing expectations about older persons. See, for example, Gail Sheehy, *New Passages:Mapping Lives Across Time* (New York: Random House, 1995); and Betty Friedan, *The Fountain of Age* (New York: Simon and Shuster, 1993).

[2]For a comprehensive treatment of the policy and demographic issues, see Alan Pifer and Lydia Bronte, eds., *Our Aging Society: Paradox and Promise* (New York: W.W. Norton and Company, 1986).

over the past several years to address the aging of the population in general and in anticipation of the baby boomers' approaching retirement age:

- Changes to the Social Security system have raised the official age of retirement, encouraging individuals to work longer.
- Changes to pension and benefit regulations have removed many disincentives to continue working beyond age 65.
- Older worker employment and training programs receive continued political support.
- Laws prohibiting age discrimination in the workplace have been enacted.

As this cohort enters a new life phase, it is important to reconsider its employment policy implications. While extensive research and policy analysis have focused on issues related to an aging population in general and to barriers facing older workers, little has directly focused on the employment and training needs of the baby boom generation as it exists today or as it matures over the next fifteen to thirty years. This paper presents background information about the baby boom generation, its characteristics and trends, how it compares to other generations, and unique factors affecting this cohort. The focus is primarily on employment issues and implications for federal employment and training policies in the future.

Three fundamental questions underlie much of the review and discussion:

- What are the policy implications of the sheer numbers in this maturing population?
- Are baby boomers unique in any way that might suggest a need for new public programs related to maturing workers?
- Are there any subgroups of the baby boom population that might need special targeting as they mature (e.g., those with low incomes, low skills or education, limited work experience)?

The next chapter defines and describes the baby boom generation, summarizing key demographic, labor force, societal, and economic trends. Then the adequacy of current policies and programs for the projected number of mature workers in the future is addressed. The final chapter summarizes major conclusions and program implications.

II. Characteristics of the Baby Boom Generation

A generational cohort is defined by demographers as "a group of people born over a relatively short and contiguous time period that is deeply influenced and bound together by the events of their formative years."[3] The U.S. baby-boom generation consists of persons born between 1946 and 1964. This chapter describes the demographic characteristics of the generation and summarizes its trends in family structure and economic well-being. The intent is to understand the characteristics of this maturing generation, including how it compares to previous generations.

A. Population Trend

In 1996, baby boomers ranged in age from 32 to 50, as shown in Exhibit II.1. By the end of 2005, the first of the baby boomers will begin to turn 60.

Number of Baby Boomers

In 1946, the number of births in the U.S. reached 3.4 million, up from 2.3 million born during the low point of the Depression. As shown in Exhibit II.2, annual births increased during the post-World War II years, peaking between 1957 and 1961 at more than 4.2 million babies born per year. Births did not fall below 4 million until 1965. This dramatic increase in births, preceded and followed by smaller generations, defines the baby boom generation. While most other nations also experienced population growth after World War II, the U.S. baby boom was

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[3]Meredith, Geoffrey and Charles Schewe, "The Power of Cohorts," *American Demographics* (December 1994).

Exhibit II.1:
Age Range of Baby Boom Generation for Selected Years, 1985-2030

Year	Age Range of Baby Boomers
1985	21 to 39 years old
1995	31 to 49 years old
1996	32 to 50 years old
1999	35 to 53 years old
2000	36 to 54 years old
2005	41 to 59 years old
2010	46 to 64 years old
2015	51 to 69 years old
2020	56 to 74 years old
2025	61 to 79 years old
2030	66 to 84 years old

Source: The Urban Institute

Exhibit II.2: Annual Number of Births in the U.S. 1940-1964

	Live Births (000's)	Births per 1000 persons	Births per 1000 women age (15-44)
1940	2,360	17.9	73.5
1945	2,735	19.5	82.5
1946	3,289	23.3	98.3
1947	3,699	25.8	110.0
1948	3,535	24.2	104.8
1949	3,559	24.0	105.2
1950	3,554	23.6	106.2
1951	3,751	24.5	111.3
1952	3,847	24.7	113.5
1953	4,017	24.6	114.7
1954	4,017	24.9	117.6
1955	4,047	24.6	118.0
1956	4,163	24.9	120.8
1957	4,255	25.0	122.7
1958	4,204	24.3	120.1
1959	4,245	24.0	120.1
1960	4,258	23.7	118.0
1961	4,268	23.3	117.2
1962	4,167	22.4	112.1
1963	4,081	21.6	108.5
1964	4,027	21.0	105.0
1965	3,760	19.4	96.6
1970	3,731	18.4	87.9

Source: Urban Institute Compilation of Vital Statistics from the *United States Statistical Abstract, 1975*.

larger and lasted longer.[4]

The U.S. baby boom generation is categorized by demographers into two distinct groups; the first half of the generation was born between 1946 and 1955, and the second half, between 1956 and 1964. The early segment of the cohort--those born between 1946 and 1955--averaged 3.5 million births per year, while annual births for the later group--those born between 1956 and 1964--averaged 4.2 million per year. As discussed in the following section, the distinction between the two groups is especially defined by the very different labor market and economic conditions each faced as they entered their work years.

While the two cohorts represented about equal shares of the 75 million births in the U.S. between 1946 and 1964, the later cohort now constitutes the majority of persons in the baby boom generation. As shown in Exhibit II.3, in 1996, there were about 82 million persons in the U.S. in the baby boom generation.

Exhibit II.3
Number of Persons in the U.S. in the Baby Boom Generation in 1996

Cohort	Years of Birth	Age Range in 1996	Population
Early Cohort	1946-1955	41-50	37.9 million
Late Cohort	1956-1964	32-40	44.6 million
Total Generation	1946-1964	32-50	82.5 million

Source: Urban Institute computations based on U.S. Census and Social Security Administration data.

The net population increase in the generation is due mainly to immigration. About 10 percent of the nation's baby boom generation in 1996, who ranged in age from 32 to 50, were born

[4]Pifer and Bronte, p. 5.

in other countries; over half of these immigrants have arrived in the U.S. since 1980.[5] Because immigrants tend to be younger than the general population, immigration has disproportionately affected the number of persons in the later, or younger, cohort. The later cohort, therefore, constitutes the majority of the baby boom generation today--45 million, compared with 38 million in the early cohort.

Effect on the Nation's Population Trends

With such a large increase in births over a defined period of time, the baby boom generation has importantly influenced the character of the U.S. population. The Census Bureau projections of the population take into account various factors, including increased life expectancy and immigration. As shown in Exhibit II.4, the 82 million baby boomers represented 41 percent of the nation's total population in 1995. It will continue to account for a significant portion of the population until at least 2025, when there will still be 65 million baby boomers, ranging in age from 61 to 79, and constituting 25 percent of the population.

Some analysts have explained the effect of the baby boom in terms of how it altered the age structure of the population.[6] As shown in Exhibit II.5, like most other industrialized countries, the U.S. population began a gradual trend towards aging in the early 19th century. The median age increased each year, from about 23 years of age in 1900 to about 30 years of age in 1950.[7] Then,

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[5]U.S. Bureau of the Census, "Selected Social Characteristics of Baby Boomers 26 to 44 Years Old: 1990," *Current Population Survey Special Report*.

[6]Ronald J. Manheimer, ed., *Older Americans Almanac* (Detroit: Gale Research, Inc., 1994). Exhibit II.5 is adapted from this source.

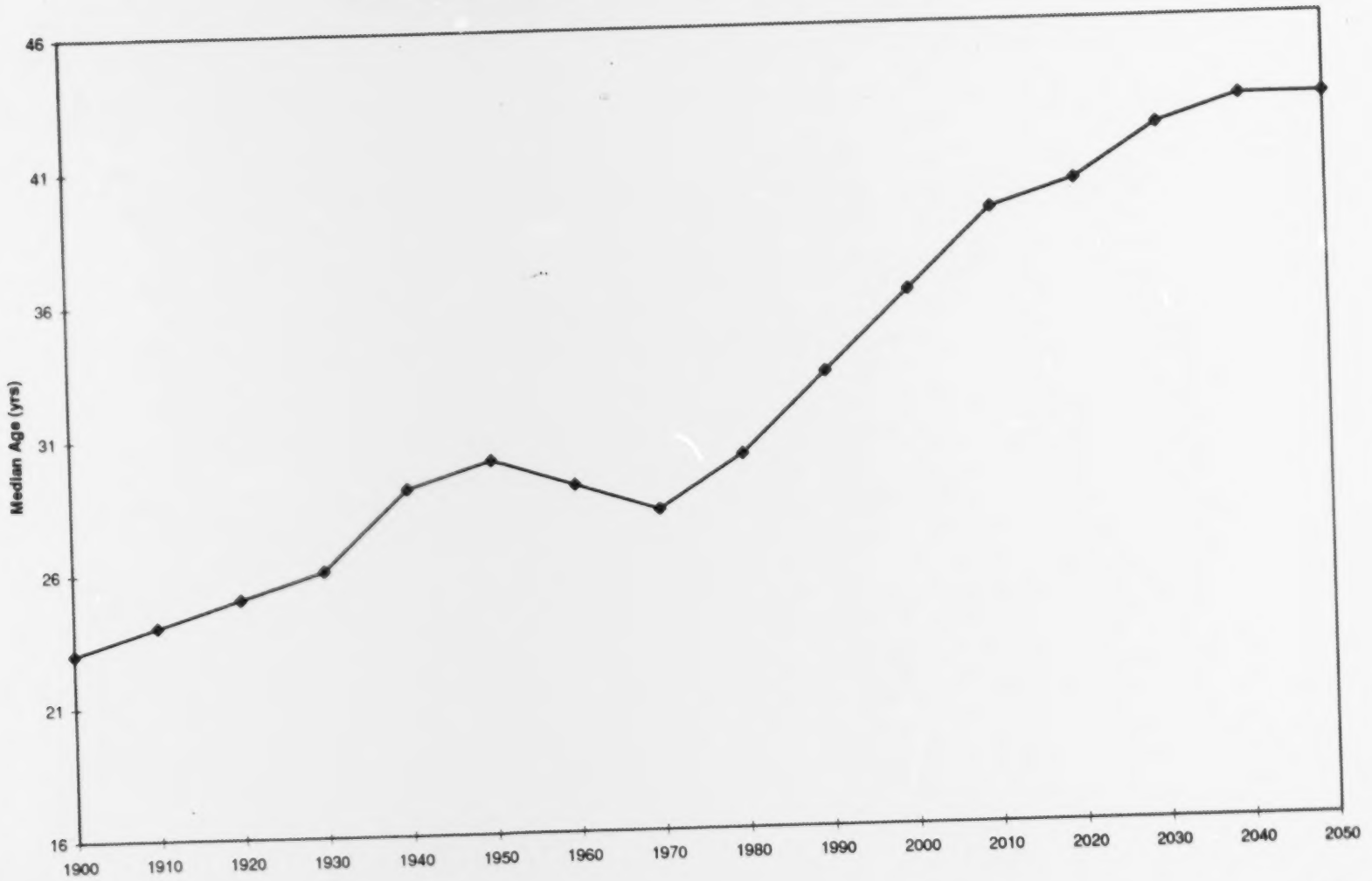
[7]The marked increase in median age in the 1930s and early 1940s is attributed to lower fertility rates during the Great Depression and World War II.

Exhibit II.4: Baby Boom Cohorts: Age Range, Population and Share of Total Population
Selected Years 1985 - 2025
(numbers in thousands)

	Early Group Ages 41 - 50 in 1996 Born: 1946-1955			Later Group Ages 32 - 40 in 1996 Born: 1956-1964			Total Baby Boomers Ages 32 - 50 in 1996 Born: 1946-1964		
Year	Age Range	Pop.	Share of US pop.	Age Range	Pop.	Share US pop.	Age Range	Pop.	Share US pop.
1985	30 - 39	37,505	21%	21 - 29	42,435	24%	21 - 39	79,940	44%
1995	40 - 49	37,852	19%	31 - 39	44,636	22%	31 - 49	82,488	41%
2005	50 - 59	35,959	16%	41 - 49	45,617	21%	41 - 59	81,576	37%
2015	60 - 69	32,603	13%	51 - 59	42,702	18%	51 - 69	75,305	31%
2025	70 - 79	26,553	10%	61 - 69	38,828	15%	61 - 79	65,381	25%

Source: Urban Institute compilation of Social Security Administration and Census Bureau population projections.

Exhibit II.5: Median Age of the U.S. Population, 1900-2050



primarily because of the baby boom as children, the median age fell slightly in the 1960s and 1970s. Since then, the aging trend has resumed and actually accelerated,[8] as indicated by the sharper upward slope of the line after 1970. The Census Bureau projects that the aging trend in the nation will be affected by the baby boom generation until about 2040.

The aging trend and the baby boom is also evident in Exhibit II.6, which shows the population of different age groups over time. Between 1995 and 2025, the population that is 55 and older will increase much more sharply than any other age group. This age distribution of the nation's population is also presented in a slightly different manner in the Appendix, where the ripple of the aging baby boom through time as it shifts to older age categories is graphically depicted.[9] As shown in both Exhibit II.6 and in the Appendix chart, in each ten year period between 1965 and 2015, baby boomers have affected the distribution of the population under age 55 through the 1990s, and then over age 55 in subsequent years. There was a population peak among 16 to 24 year olds in 1975 as the baby boom entered adulthood; a peak among 25 to 34 year olds in 1985 (when baby boomers were between 21 and 39 years old), and among 35 to 44 year olds in 1995 (when baby boomers were 31 to 49 years old). In 2005, the 45 to 60 year age category will peak (when baby boomers will be 41 to 59 years old). The dominance of the generation will be evident until after 2025, when all surviving baby boomers will be over 60 years old.

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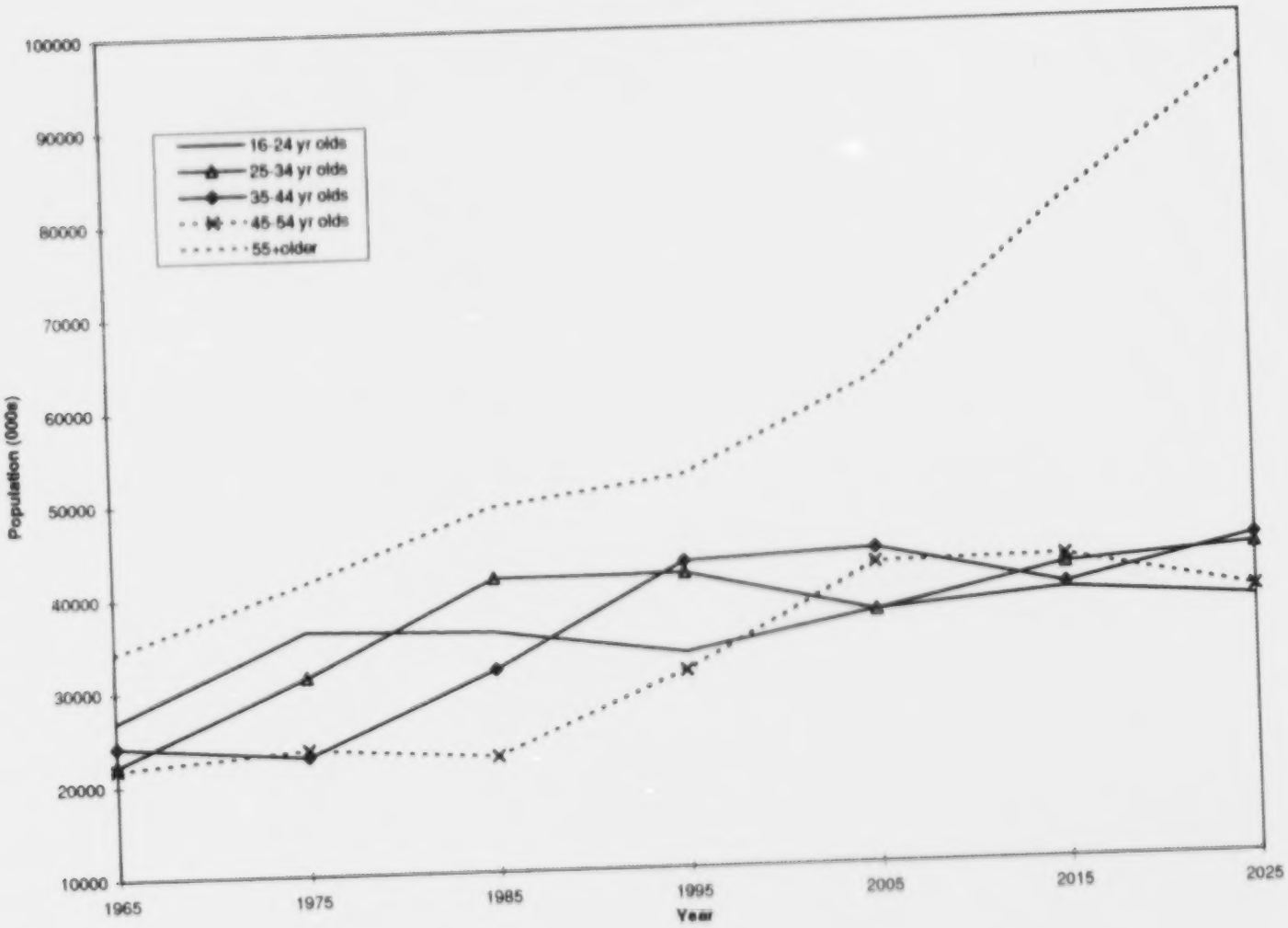
[8]Alan Pifer and Lydia Bronte, "Squaring the Pyramid," in Pifer and Bronte, *Our Aging Society: Paradox and Promise* (New York: W.W. Norton and Company, 1986).

[9]Two smaller cohorts are on each side of the baby boom generation, as noted in Appendix 1. The children of the baby boomers, often referred to as the "echo boomer" cohort, is first visible as 16 to 24 year olds in 2005, 16 to 35 year olds in 2015, and 30 to 50 year olds in 2025 when all surviving baby boomers will be over the age of 60.

Exhibit II.6: Population Trend 1965-2025, by Age



B. Labor Force Participation

The baby boomers also increased the size of the labor force when they reached working age, and they are now raising the average age of the work force. When they entered the workforce, the median age of the labor force decreased; as they aged, the median age of the labor force aged. The highest median age of the labor force before the baby boom generation was 40.5 years in 1962. The median declined until 1980, as shown on Exhibit II.7, and then began rising again as the baby boomers aged. By 2005, BLS projects that the median age will be 41, slightly higher than the median in 1962.[10]

The baby boom generation has, for the most part, had higher labor force participation levels than previous generations. For example, in 1985, when the baby boomers were between 21 and 39 years of age, their participation rate was 82 percent, compared to a participation rate of 74 percent for 21 to 39 year olds in 1975, and a participation rate of 69 percent 1965.[11] This increase is generally attributed to an overall increase in labor force participation for persons under fifty years old (not just baby boomers), and especially sharp increases in women's labor force activity since 1970.

Although overall labor force participation rates have increased over the past two decades, the rates for men have declined, while the rates for women have increased. In 1995, the labor force participation rate of female baby boomers (who were between the ages of 31 and 49 in that year) was 77 percent, and the rate for males was 92 percent. In the cohort that preceded the baby boom, men had higher rates of labor force activity (95 percent) at that age, and women had lower rates (55 percent).

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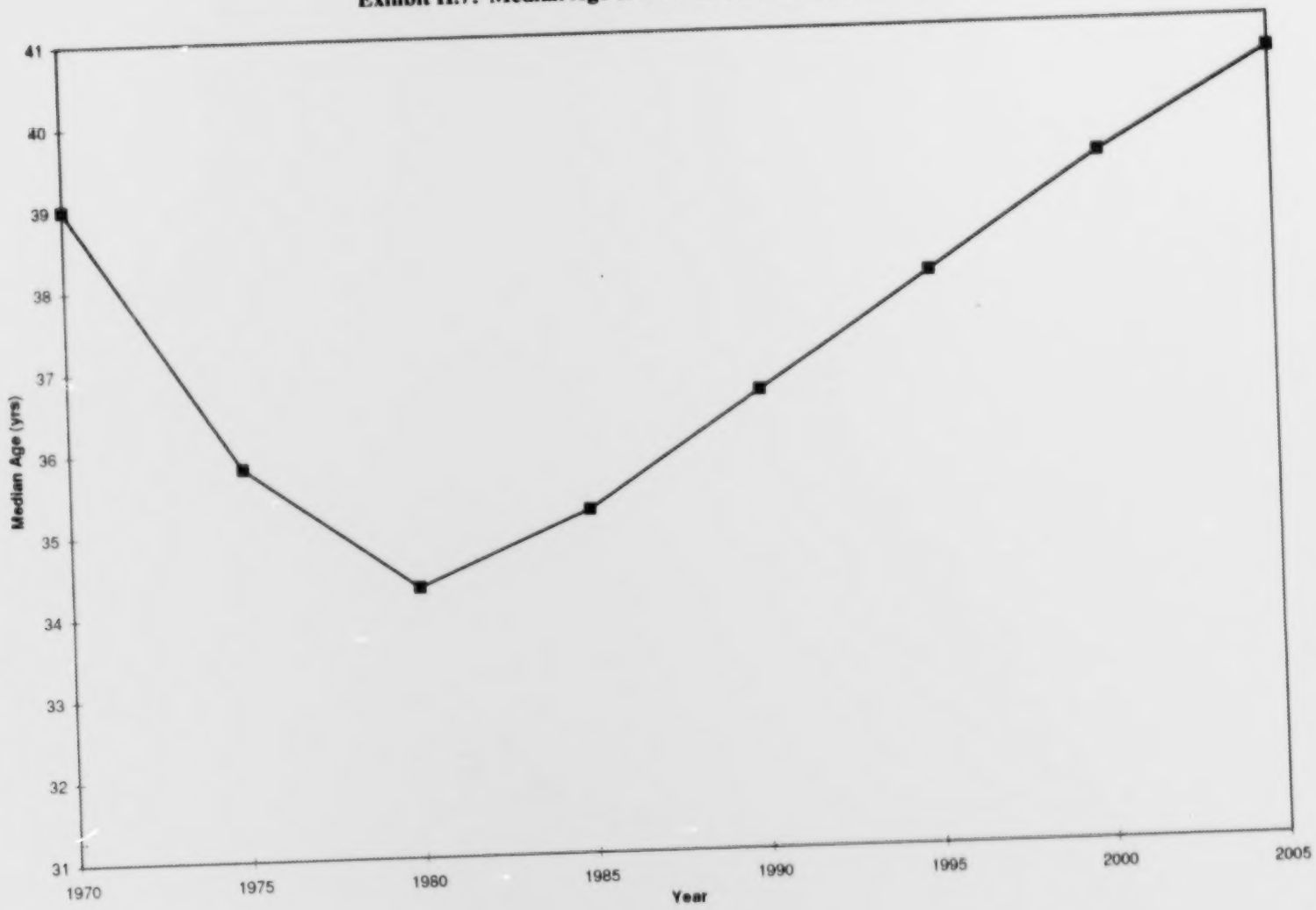
[10]Howard N. Fullerton, "The 2005 Labor Force: Growing, but Slowly, *Monthly Labor Review* (November 1995).
[11]Ibid.

Exhibit II.7: Median Age of the U.S. Labor Force, 1970-2005



Labor force participation has been declining since the mid 1970s for all age groups of men. But baby boomers are particularly affected because they comprise such a large portion of the population. Several explanations have been put forth for the declining labor force participation rates among prime age men, including that baby boomers have had more competition in the job market because of the large workforce. Some of the participation decline is also probably related to inadequate education and skills that are in demand. The decreases have been greatest, for example, for men with less than a high school education.[12]

The BLS also reports that labor force activity among both men and women over 50 years old has declined in the past two decades. For example, for 60 to 64 year olds, participation rates are currently at 42 percent, down from 55 percent in 1965. Rates for older persons will continue to decline slightly over the next thirty years. By 2015, participation rates for 60 to 64 year olds (i.e., baby boomers) will stabilize at about 41 percent.

Changes have also occurred in the age at which workers retire. Two common measures of retirement are (1) non-participation in the labor force, and (2) receipt of Social Security (OASI) retirement benefits. While there are limitations with each measure (e.g., non-participation includes some workers who want to work, OASI recipients include some individuals who also work), both indicate a trend toward earlier retirement, as shown in Exhibit II.8.

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[12]Blank, Rebecca, "Outlook for the U.S. Labor Market and Prospects for Low-Wage Entry Jobs," in Demetra Smith Nightingale and Robert A. Haveman, eds., *The Work Alternative: Welfare Reform and the Realities of the Job Market* (Washington, D.C.: Urban Institute Press, 1995).

Exhibit II.8
Trend in Average Age of Retirement, Using Two Measures

	% of persons 65+ not in labor force		Ave. age workers begin receiving OASI	
Year	Males	Females	Males	Females
1940	n/a	n/a	68.8 yrs	68.1 yrs
1950	54.2%	90.3%	68.7 yrs	68.0 yrs
1960	66.9%	89.2%	66.8 yrs	65.2 yrs
1970	73.2%	90.3%	64.4 yrs	63.9 yrs
1980	81.0%	91.9%	63.9 yrs	63.5 yrs
1991	84.2%	91.4%	63.7 yrs	63.5 yrs

Source: C.E. Steuerle and J.M. Bakija, *Retooling Social Security for the 21st Century*, (Washington, D.C.: Urban Institute Press, 1994).

One implication of the declining labor force participation of men and older persons and the large cohort of aging baby boomers is that by the year 2025, there will be, according to BLS, almost 50 million persons over 65 (all of them baby boomers) in the population but not in the labor force; about twice the number in 1995. The ramifications for society and public policy include concerns about the extent to which these baby boomers will be financially prepared for old age, the added costs to the Social Security system, and increased pressure on the nation's health care system. A secondary, but important, issue concerns the potential underutilization of productive human resources.[13]

[13]C. Eugene Steuerle and Jon M. Bakija, *Retooling Social Security for the Twenty-first Century* (Washington, D.C.: Urban Institute Press, 1994).

C. Family Structure

The baby boom generation resulted from an explosion in birth rates after World War II; but the fertility and marriage rates of the baby boomers themselves have been very different from their parents'. Compared to prior generations, more women have delayed marriage and child-bearing and have had fewer children. Some of the shift undoubtedly reflects personal adjustments to a changing economic environment and expanding employment opportunities for women. Whether the baby boomers consciously precipitated the changes or not, it is clear that their generation has been the first to experience the new family and marriage lifestyles.

Fertility rates during the baby boom years were substantially higher than in prior years. As noted earlier in Exhibit II.2, from 1946 to 1964, the average number of births per woman in the U.S. remained above 3. However, once the baby boomers themselves reached child-bearing age, the nation's fertility rates declined to a low of 1.74 in 1976 and have increased only slightly since then. The fertility rate is projected to level out at about 1.9 children per woman and the total numbers of births will continue to decline slightly as the baby boomers move through their child-bearing years.[14]

Exhibit II.9 compares the two groups of baby boomers to their parents' generation at roughly the same age. For both baby boom groups a smaller proportion of household heads were married and a smaller proportion had children, compared to their parents generation at the same age. Perhaps the most significant differences relate to single-parent and dual-earner households. The earlier generation was much more likely to be married and live in households with one wage earner. About 84 to 86 percent of 25 to 44 year olds in 1959 were married, 72 to 76 percent had

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[14] U.S. Bureau of the Census, "Population Projections of the United States by Age, Sex, Race, and Hispanic Origin: 1995-2050," *Current Population Report*.

Exhibit II.9: Family Structure of Households Headed by Boomers Compared to their Parents' Generation

	Early Boomers (1989)	Parents' Generation (1959)	Late Boomers (1989)	Parents' Generation (1959)
Unmarried				
No children	22.9%	9.0%	29.9%	7.6%
With children	15.0%	7.0%	16.1%	6.0%
Total share unmarried	**38.0%**	**16.1%**	**45.9%**	**13.6%**
Married				
No children	11.3%	11.6%	14.0%	10.9%
With children	50.8%	72.4%	40.1%	75.5%
Total share married	**62.0%**	**83.9%**	**54.1%**	**86.4%**
Of married				
One earner	19.3%	50.8%	18.2%	52.8%
Two earners	42.7%	33.1%	35.9%	33.6%
	62.0%	**83.9%**	**54.1%**	**86.4%**

Source: Congressional Budget Office. *Baby Boomers in Retirement: An Early Perspective*, 1993.

children, and over 50 percent were in households with just one wage earner. In contrast, much lower percentages of baby boomers were married (54 to 62 percent) or had children (56 to 65 percent). Many more baby boomers were single parents--about 15 to 16 percent compared to just 6 to 7 percent of the previous generation.

In general, the pattern of family structure for the baby boom generation compared to the prior generation can be summarized as follows:

- ***Fewer baby boomers marry.*** The percentage of women who married had steadily increased from the beginning of the 20th century through the 1930's. In 1900, 92 percent of women married, and by 1930 fully 96 percent of women married. The women of the 1930's are the parents of the boomers. As the baby boom generation entered marrying age, significantly fewer married; only 80 percent of women in the 1960s and 1970s married.

- ***Baby boomers have fewer children.*** About 14 percent of the women married between 1880 and 1910 did not have children. By 1930, only 7 percent of married women remained childless. This trend has reversed again for the baby boomers themselves, as 24 percent of women married in the sixties and seventies remain childless.[15] The average number of children per family in the 1950s was over 3, with more than one-third of the women born during the early 1930's having 4 or more children by the time they were 25.[16] Baby boomers on the other hand have smaller families, averaging 2 children in the 1980s and 1990s.

- ***Baby boomers have children later.*** For the women born between 1935-39, the rate of child birth for those under 22 was 692 per one thousand women. This was up significantly from the prior generation. Women born in 1920-24, by the time they were 22 had 397 children per 1000 women. In the 1970s, the rate of children born prior to age 22 was even lower, between 169 to 236 per 1,000 women.

Thus, on average, the baby boom generation has had fewer children than past generations and consists of more unmarried persons, even among those who do have children. This might

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[15] This applies more for the early cohort. Many baby boomers are still of child-bearing age, and their final fertility rate may, therefore, change.

[16] Louise B. Russell, B. *The Babyboom Generation and the Economy*, (The Brookings Institution, Washington D.C., 1982).

suggest that, compared to prior generations, more baby boomers may live alone during their retirement, with fewer adult children to provide support.

D. Economic Well-being

The future economic well-being of the baby boom generation, especially in their retirement years, will depend on the success they have, and have had, during their prime working years. This section describes the trends in the income and education levels of this generation, comparing where possible to prior generations.

Much of the discussion addresses the two baby boom cohorts separately, since the two groups have faced very different circumstances, especially in the labor market. The 50 year old of today (the oldest of the baby boomers) was reaching adulthood and entering the workforce in the late 1960s and early 1970s. When these early baby boomers began working, the nation's economy was strong, interest rates were low, and wages increased annually.

Unlike the early baby boomers, the later cohort came to adulthood in the eighties; a time that lacked the sustained economic growth of the previous decade. When this younger group entered the labor force, the economic environment was not as strong as it was for the earlier cohort. In particular, for all but the most highly educated workers, real wages have not increased since 1973. The younger cohort of baby boomers were the first workers since World War II to face stagnant wage growth.

Income

Baby boomers have done fairly well in terms of income. Exhibit II.10 presents the real (inflation adjusted) annual median household income by quintile for the two groups of baby

Exhibit II.10: Annual Median Household Income of Baby Boomers compared to their Parents' Generation

(1989 dollars)

Quintile	Later Cohort			Earlier Cohort		
	Parents 1959	Boomers 1989	% Difference	Parents 1959	Boomers 1989	% Difference
20th percentile	$ 13,400	$ 14,900	11%	$ 14,200	$ 19,700	39%
40th percentile	$ 19,800	$ 24,000	21%	$ 21,900	$ 32,200	47%
60th percentile	$ 24,700	$ 35,100	42%	$ 28,400	$ 45,400	60%
80th percentile	$ 32,000	$ 49,900	56%	$ 38,100	$ 63,100	66%
Median	**$ 22,300**	**$ 30,000**	**35%**	**$ 25,100**	**$ 38,400**	**53%**

Source: Congressional Budget Office. *Baby Boomers in Retirement: An Early Perspective*, 1993.

boomers compared, again, to their parents' generation at similar ages. The median annual income for both groups in the baby boom generation is higher than for their parents' generation. The income of the early cohort of baby boomers in 1989 (when they were in the 35 to 44 age category) was 53 percent higher (in real terms) than their parents' generation at the same age; and the income of the younger cohort in 1989 (when they were in the 25 to 34 age category) was 35 percent higher than the earlier generation.

These overall increases in average income from one generation to the next are large, but the economic gains have not been evenly spread across the baby boom generation. The gains for baby boomers in the lower quintiles (compared to their parents) were over twenty percentage points less than the gains for the higher quintiles. Some of this difference can be attributed to the demographic shifts that were noted in the previous section. For example, the proportion of households headed by single persons is higher now than it was in 1959. Since incomes of single-headed households are lower than married households, largely because there is only one person contributing to household income, there is a larger share of households in the lower quintiles. Furthermore, the Congressional Budget Office (CBO) suggests that some of the increase in income in the upper quintiles may be related to households having fewer children, possibly allowing more adults to work in the regular labor market for pay, work longer hours, or get more education or advanced training.[17]

Education

Education accounts for most of the differences in income among subgroups of baby boomers and the differences between the baby boomers and their parents' generation. The baby

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[17]Congressional Budget Office, *Baby Boomers in Retirement: An Early Perspective* (Washington, DC: 1993).

boom is the most well educated generation in history. According to the CBO study, in 1960 only three-fifths of the population of 25-29 year olds had a high school degree, and just one out of ten had completed four years of college. By 1990, four-fifths of the 25-29 year old population had completed high school, and 25 percent had completed four years of college.[18]

The higher education levels of baby boomers translate into higher income. Exhibit II.11 shows real median household income in 1959 and 1989 for the two baby boom groups and their parents' generation by the educational level of the head of the household. A few points are particularly important. For both the baby boomers and their parents, a college education is clearly related to higher income; and educated baby boomers have done even better than educated persons in their parents' generation. The earnings gain has been most significant for the older group of baby boomers, where high school graduates' median real earnings were 29 percent higher than the prior generation ($35,600 compared to $27,500), and college graduates had earnings 39 percent higher ($53,400 compared to $38,500). But the wage stagnation that began in the mid-1970s is also evident, especially for the younger cohort of baby boomers. Younger baby boomers without high school degrees have real household incomes that are 14 percent lower than similarly educated persons in the previous generation ($18,600 compared to $16,300).

Thus, while baby boomers generally have done better than their parents' generation in terms of education and income, the later group of baby boomers has not done as well as the earlier group. Baby boomers who did not complete high school have fared quite poorly, especially those in the younger cohort, whose real incomes have been 14 percent lower than for similar persons in the prior generation.

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[18]Congressional Budget Office, *Baby Boomers in Retirement: An Early Perspective* (Washington DC: 1993).

Exhibit II.11: Education Level and Income of Baby Boomers compared to their Parent's Generation

(1989 dollars)

	Percent of Households			Median Income		
	Boomers (1989)	Parents' (1959)	% Difference	Boomers (1989)	Parents' (1959)	% Difference
			Early Cohort			
Education level						
No High School Degree	12%	49%	-76%	$ 20,800	$ 20,700	0%
High School Degree	58%	40%	45%	$ 35,600	$ 27,500	29%
Four Years of College	30%	11%	169%	$ 53,400	$ 38,500	39%
	Later Cohort					
Education level						
No High School Degree	13%	42%	-69%	$ 16,300	$ 18,600	-12%
High School Degree	62%	43%	42%	$ 29,000	$ 23,900	21%
Four Years of College	25%	15%	73%	$ 41,800	$ 29,200	43%

Source: Congressional Budget Office. *Baby Boomers in Retirement: An Early Perspective*. 1993.

III. ADEQUACY OF CURRENT POLICIES FOR MATURE WORKERS

The previous chapter described the baby boom generation, especially as it exists today. This chapter uses that information to consider the adequacy of current major federal policies and programs related to maturing workers now that the first wave of baby boomers has reached the age of 50. The first section projects the size and characteristics of the maturing population and labor force over the next several years, especially the economically disadvantaged who would be eligible for various federal employment and training programs. The second section discusses implications for key workforce development policies and programs, and the third section briefly addresses implications for other relevant federal policies.

A. Baby Boom Effect on the Population of Mature Workers

The policy implications of the aging baby boom generation depend on how this cohort changes both the number of persons and the characteristics of persons who might be expected to participate in certain programs or require certain public services. This section places the baby boom generation in a longer term context. Population and labor force projections through 2020 are presented, based on the information in the previous chapter and selected estimates of future trends published mainly by the U.S. Census Bureau, the Social Security Administration, and the Bureau of Labor Statistics.

Projections of the Population of Mature Adults

As discussed in the previous chapter, in 1985, all baby boomers were under the age of 40.

Since then, they have been moving into the age category sometimes referred to as mature adults or older adults. By the end of the 1990s, as noted earlier in Exhibit II.1, nearly all baby boomers will be over 40. By 2015, they will all be over 50, and the oldest baby boomers will begin to reach 65.

Exhibit III.1 shows that the aging baby boom will dramatically affect the nation's total population of mature adults age 45 and older. For instance, in 1995, there were 41.9 million persons between the ages of 45 and 59; by 2000, there will be 50 million, and by 2005, there will be 58.2 million--an increase of about 29 percent in a decade. In comparison, the Census Bureau expects the total population of the nation to increase by only about 9 percent between 1995 and 2005.[19] At a more aggregate level, in 1995, there were 83.1 million persons age 45 and older; by 2005, there will be 104.1 million (a 25 percent increase).

Projections of Labor Force Activity

The aging of the baby boom population will also affect the number of older persons in the labor force and, therefore, the age distribution of the labor force. BLS projects that about 147 million persons will be in the total labor force in 2005, representing about a 9 percent increase since 1995 when there were about 135 million in the labor force.[20] There will, however, be a substantial increase in the number of labor force participants 45 years of age and older, as noted in Exhibit III.2, and a *decline* in 25 to 44 year olds in the labor force. The general age distribution

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[19]U.S. Bureau of the Census, Population Division, Release PPL-41, "U.S. Population Estimates, by Age, Sex, Race and Hispanic Origin, 1990 to 1995" and Series P25-1130, "Population Projections of the United States by Age, Sex, Race, and Hispanic Origin: 1995 to 2050."

[20]U.S. Bureau of Labor Statistics, Press Release USDL:95-485, "1994-2005 Employment Projections" (December 1995).

Exhibit III.1
Estimated Number of Mature and Older Adults
in Selected Years, 1985-2020
(Millions of Persons)

Age group	1985	1990	1995	2000	2005	2010	2020	% change 1995-2005
45-49 yr olds	11.6 million	13.9 million	17.5 million	20.1 million	22.5 million	22.0 million	19.3 million	28.6%
50-54 yr olds	10.9	10.6	13.5	16.9	19.4	21.5	19.7	43.7
55-59 yr olds	11.3	11.1	10.9	13.0	16.3	18.4	20.7	49.5
60-64 yr olds	10.9	10.7	9.8	10.4	12.3	17.0	19.9	25.5
65-69 yr olds	9.3	10.1	9.7	9.5	9.8	11.7	16.9	1.0
70 and older	17.7	19.6	21.7	23.2	23.8	24.6	31.8	9.7

Source: Urban Institute calculations based on projections from the Census Bureau, the Bureau of Labor Statistics, and the Social Security Administration.

Exhibit III.2
Age Distribution of the Labor Force, 1995 and 2005

Age Group	1995		2005		Change from 1995-2005	
	Number (millions)	Age Distribution	Number (millions)	Age Distribution	Number (millions)	Percent Change
16-24 year olds	22.3	16.5%	24.2	16.5%	1.9	8.5%
25-34 year olds	34.8	25.7%	31.2	21.3%	- 3.6	-10.3%
35-44 year olds	36.4	26.9%	36.4	24.8%	---	---
45-54 year olds	25.7	19.0%	33.6	22.9%	7.9	30.7%
55 and older	16.0	11.8%	21.3	14.5%	5.3	33.1%
Total Labor Force	135.2	100.0%	146.7	100.0%	11.5	8.5%

Note: Total labor force, based on Census data as used by Social Security Administration. Civilian non-insitutional labor force, as reported by the Census Bureau, is 98.3 percent of total labor force.

of the labor force in 2005 will be very similar to the distribution in 1995. But the absolute number of labor force participants over age 55 will increase by about 33 percent (from 16 million to 21 million), and those between the ages of 45 and 54 will increase by about 31 percent (from 26 million to 34 million). This compares to more modest increases of 8.5 percent for young persons 16 to 24, and a *decline* of 10 percent for 25 to 34 year olds. This shift in the distribution of the labor force that can be expected over the next decade reflects the aging of the baby boomers who in 1995 were concentrated in the 25 to 44 year old categories, but in 2005, will be mainly in the 45 to 60 year old groups.

To better examine the effect this aging labor force will have in the future on employment programs for disadvantaged workers, a simplified method was used to estimate the employment and economic status of older persons by age group. Exhibit III.3 shows the labor force and employment status of workers by selected age groups in 1995 and 2005.[21] The table is based on Census Bureau and Social Security Administration estimates of population and labor force participation and assumes that older workers in the next three decades will have the same rates of employment and unemployment as older workers in the same age groups in 1995.[22]

Two general observations can be drawn from the table. If one assumes that economic conditions and the labor market behavior of older persons does not change substantially over the next few years, the aging of the baby boom generation means that, compared to 1995, in 2005

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[21]Tables in the Appendix present these data for other years between 1985 and 2020.

[22]A more accurate projection would incorporate other changes that could interact with labor force participation, such as changes in overall national economic conditions, and adjustments for characteristics of the population such as education levels, past work experience, occupation, and geographic residence. Such an analysis is beyond the scope of this paper. The estimates presented here are simplified approximations to identify general trends.

Exhibit III.3:
Projected Increase in Mature Worker Population, 1995-2005
(000's)

Status and Age Group	1995	2005	%Change 1995-2005
Labor Force Participants			
45-49 year olds	14,700	18,500	25.9%
50-54 year olds	10,600	15,100	42.5
55-59 year olds	7,400	10,900	47.3
60-64 year olds	4,400	5,600	27.3
65-69 year olds	2,100	2,200	4.8
70 and older	2,200	2,700	22.7
Total 45 and older	41,400	55,000	32.9%
Employed			
45-49 year olds	14,100	17,700	25.5%
50-54 year olds	10,200	14,500	42.2
55-59 year olds	7,100	10,400	46.5
60-64 year olds	4,200	5,400	28.6
65-69 year olds	2,000	2,100	5.0
70 and older	2,000	2,600	30.0
Total 45 and older	39,600	52,700	33.1%
Unemployed			
45-49 year olds	617	777	25.9%
50-54 year olds	445	634	42.4
55-59 year olds	311	458	47.4
60-64 year olds	180	229	26.9
65-69 year olds	92	97	5.0
70 and older	110	135	22.7
Total 45 and older	1,755	2,330	32.8%

Note: Actual data for 1995 as reported by BLS and Census. Estimates for 2005 are based on Census, BLS and Social Security Administration projections of the population and labor force with 2005 employment and unemployment assuming the same rates as in 1995. Employed plus unemployed may not total labor force due to rounding. See Appendix B for other years and data.

there will not only be over 30 percent more older persons working (53 million compared to 40 million), but also over 30 percent more older workers unemployed. Much of the increase between now and 2005 will occur in the 50 to 60 year old category. Appendix B shows that until about 2010, the employment and labor force effects of the aging baby boom generation primarily involves persons under 65 years of age. After that, there will also be a bulge of 60 to 70 year olds in the labor force until the early baby boomers begin retiring in large numbers after 2020.

The aging baby boomers will similarly affect the age distribution of the total adult economically disadvantaged[23] population, as indicated in Exhibit III.4 and Appendix D. This is essentially the population eligible for Title IIA of JTPA. The total economically disadvantaged population will increase by about 2.3 million (or 9.5 percent) between 1995 and 2005, consistent with the projected increase in the overall population in the nation. But the *age distribution* of this population will shift up, again because of the aging of the baby boom. For example, in 2005, compared to 1995, there will be about 1.3 million more 45 to 54 year old disadvantaged adults and about three-quarters of a million *fewer* 25 to 34 year olds. Over the same time period, the number of young adults aged 20 to 24 will modestly increase by about 233,000, and in 2005 that age group will still comprise about 10 percent of the JTPA-eligible population (the same percentage as in 1995).

Exhibit III.5 provides more detail on this low income portion of the maturing population over the next decade (with more years shown in Appendix C). Again, the main effect of the aging

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[23] In this section the term economically disadvantaged is used as it is defined for JTPA eligibility purposes. Under JTPA, "*economically disadvantaged*" is defined as receiving or in a family receiving cash welfare, receiving food stamps, and/or in a family that had income in the prior six-months that was below the official poverty level or below 70% of the DOL-established lower-living standard level. The "economically-disadvantaged" population is larger than, but includes, the poverty population.

Exhibit III.4:
Age Distribution of the JTPA-Eligible
Economically Disadvantaged Population, 1995 and 2005

Age Group	1995		2005		Change from 1995-2005	
	Number (000's)	Age Distribution	Number (000's)	Age Distribution	Number (000's)	Percent Change
20-24 year olds	2,535	10.3%	2,768	10.3%	233	9.2%
25-34 year olds	7,044	28.8%	6,288	25.5%	-756	-10.7%
35-44 year olds	5,109	20.9%	5,206	19.5%	97	1.9%
45-54 year olds	3,700	15.1%	5,000	18.7%	1,300	35.1%
55-70 year olds	6,100	24.9%	7,500	28.0%	1,400	23.0%
Total Econ. Disadv. 20-70	24,448	100.0%	26,762	100.0%	2,314	9.5%

Note: Based on 1990 estimates derived from Loprest and Barnow, 1993, assumes same proportions of population in each age group would be economically disadvantaged in 1995 and 2005 as in 1990. See Appendix C for additional years.

Exhibit III.5:
Projected Increase in Poor Mature and Aged Adults, 1995-2005
(000's)

Status and Age Group	1995	2005	% Change 1995-2005
Below Poverty			
45-49 year olds	1,400	1,800	28.6%
50-54 year olds	1,100	1,500	36.4
55-59 year olds	900	1,300	54.5
60-64 year olds	700	1,100	30.0
65-69 year olds	900	1,000	0.0
70 and older	2,800	3,300	8.7
Total 45 and older	7,800	10,000	22.0%
Economically Disadvantaged			
45-49 year olds	2,100	2,700	28.6%
50-54 year olds	1,600	2,300	43.8
55-59 year olds	1,600	2,400	50.0
60-64 year olds	1,500	1,800	20.0
65-69 year olds	1,600	1,600	0.0
70 and older	3,500	3,800	8.6
Total 45 and older	11,900	14,600	22.7%

Note: Actual poverty data for 1995 as reported by BLS and Census. Estimates for 1995 economically disadvantaged based on Loprest and Barnow, 1993. Estimates for 2005 are based on Census, BLS and Social Security Administration projections of the population and labor force with poverty and economically-disadvantaged rates assumed to be the same as rates in 1995. See Appendix C for other years.

baby boom cohort can be seen in the very large increase in the number of poor and economically disadvantaged older persons, especially in the 50 to 60 year old range, over the next decade. There will be 2.2 million more poor persons over the age of 45 in 2005 than in 1995 and 2.7 million more economically disadvantaged adults over 45 (which includes all those who are poor). This 22 percent increase in low income older persons is somewhat less than the 29 percent increase in the total population over 45 because poverty rates are relatively lower for these older groups (compared to poverty rates among children and young adults). Nonetheless there will still be about 10 million poor adults over age 45 in 2005.

Thus, over the next decade, the aging of the baby boom generation will substantially increase the number of mature and older workers and the number of older workers unemployed, below poverty, and/or economically disadvantaged. In 2005, there will be about 575,000 more persons 45 and older who are unemployed than in 1995; 2.2 million more poor persons 45 and older; and 2.4 million more economically-disadvantaged persons 45 and older.

B. Workforce and Training Programs and Services for Mature Workers

There are four major federally-funded employment and training programs through which mature workers (primarily low income) can receive training and subsidized employment services:[24]

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[24]The other major federal employment and training program for the general population is the U.S. Employment Service. In program year 1995, the ES placed 213,400 45-54 year olds and 88,400 persons 55 and older into jobs, and abut 12,000 persons 45 and older were placed into training. The ES numbers are not included in the following tables since it cannot be determined how many of these had low incomes and how many were also concurrently being served by the other employment and training programs listed.

- JTPA Adult Training (Title IIA)
- Services for Older Workers (JTPA Title IIA, Section 204(d))
- JTPA Dislocated Worker Training (Title III)
- Senior Community Service Employment Program (SCSEP)

Exhibit III.6 shows the number of older workers served through each of these DOL-Employment and Training Administration (ETA) programs in Program Year (PY) 1995. Of the approximately 8.4 million economically disadvantaged 45 to 70 year olds in 1995, no more than about 3 percent participated in a federal employment and training program.[25] About half of these were over age 65 and in one of the two programs specifically targeted on persons 55 and over--SCSEP and JTPA Section 204(d). The greatest number of persons 55 and over were served by SCSEP. The 88,500 persons in SCSEP represented about 69 percent of all persons 55 and older served by an ETA program. Another 19 percent (26,640) were served by JTPA Title III programs, and 10 percent (13,667) were in special older worker programs under Section 204(d). Only about 3,200 persons over 55 were in regular JTPA Title IIA programs, representing just 2 percent of persons over 55 served by all ETA programs. Of the approximately 79,000 45 to 54 year olds in ETA programs, about 81 percent (63,936) were in Title III and the rest were in regular Title IIA.

JTPA IIA. Under JTPA Title IIA, older workers, like all other persons 22 years of age or

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[25]Even if the ES numbers were included, the total would be only about 3.2 percent, assuming that about 14 percent of the older adults served by the ES were economically disadvantaged, which is the proportion of all persons served by the ES who were economically disadvantaged in 1995.

Exhibit III.6:
Older Worker Participation in
Major Employment and Training Programs, Program Year 1995

Program	45-54 year olds	55 and older	Total
Senior Community Service Employment Program	0	97,500	97,500
Dislocated Worker Programs (JTPA-III)	63,936	26,640	90,576
Services for Older Workers (JTPA Section 204(d))	0	13,667	13,667
Adult Training (JTPA-IIA)	14,591	3,242	17,833
Total	78,527	141,049	219,576

JTPA data include participants who had some service beyond "objective assessment." Section 204(d) data reported in SPIR are adjusted downward by about 7%, reflecting reported concurrent participation of older workers in 204(d) and JTPA IIA and/or III components.

older who meet the "economically disadvantaged" income criteria, can receive services under the regular adult training component. As noted earlier, about 24 million persons (of all ages) were eligible for JTPA IIA in 1995. With current resources, though, only a small portion of the eligibles can be served. In 1995, 176,000 persons (about one percent of those eligible) participated in JTPA beyond having a preliminary objective assessment.[26] Of those who did participate, only about 2 percent, or 3,513 were 55 years of age or older, and about 11 percent (19,000) were 45 or older. Given that they represent about 45 percent of the eligible population, this means older workers (45 and older) in general have been substantially under represented in regular JTPA IIA adult programs. Loprest and Barnow estimate that only about .6 percent of 45 to 54 year olds, and .1 percent of persons 55 and older who are eligible for JTPA actually participate. This is less than half the rate of participation for the total JTPA eligible population.

Some of the low JTPA participation may reflect the fact that older persons are less likely to seek services from those programs. According to Loprest and Barnow, persons most likely to request services are those who are unemployed but interested in working. Persons 45 to 54 years old are more likely to be in JTPA IIA than those over 55, presumably because the older groups are more likely to be voluntarily out of the labor force or retired. For both age groups, though, participation in JTPA IIA programs by eligible older workers in JTPA has been extremely low.

JTPA Title III. Programs for workers permanently dislocated from their jobs are

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[26]Pamela J. Loprest and Burt S. Barnow, *Estimating the Universe of Eligibles for Selected ETA Programs* (Washington: The Urban Institute, October 1993). Under JTPA, *"economically disadvantaged"* is defined as receiving or in a family receiving cash welfare, receiving food stamps, and/or in a family that had income in the prior six-months that was below the official poverty level or below the DOL-established lower-living standard level.

separately authorized under Title III of JTPA. Older workers are much more likely to be served through JTPA Title III programs than through the IIA programs. As noted in Exhibit III.6, considerably more older workers participate in Title III programs than in Title IIA programs. In program year 1995, about 91,000 persons age 45 and older received training or other employment-related services through Title III programs-- about 64,000 were 45 to 54 years old and 27,000 were over age 55. Of the approximately 12 million persons eligible for Title III in 1990, Loprest and Barnow estimate that about 6 percent participated. About one-third of the Title III eligible population and one-third of the participants were over 45 years old.

204(d). Section 204(d) of JTPA Title IIA, as amended in 1992, authorizes "service for older workers," with programs to be coordinated with the SCSEP programs authorized under the Older Americans Act. Eligible participants must be 55 or older and economically disadvantaged or facing serious barriers to employment (but no more than ten percent of all 204(d) participants can be non-disadvantaged). In 1995, about 14,000 persons were served through 204(d) programs alone, and another 1,200 participated concurrently in regular IIA activities.[27]

SCSEP. Of all the ETA-sponsored job training programs, the largest number of older workers are served through the Senior Community Service Employment Program (SCSEP). SCSEP provides part time employment (at least 20 hours a week) in community service activities to low-income older persons. The program also assists older workers in obtaining regular

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[27] The SPIR reporting system indicates whether an individual is concurrently enrolled in 204(d) and either Title IIA or Title III. About 7 percent of the 204(d) participants are coded as also being served under Title IIA or III.

unsubsidized jobs through counseling, job search assistance, support services, and a limited amount of job training. SCSEP serves persons 55 years or older who are below 125 percent of poverty, unemployed and with poor employment prospects. Priority is given to those who are over 60 years old.

The program served about 97,500 persons in 1995: 70 percent are female, 31 percent lack a high school diploma, 39 percent are minorities, and 70 percent are 60 years of age or older. [28] SCSEP has been found to be generally successful in providing valuable opportunities to the low-income elderly.[29] However, with current resources, the program can only serve a small portion of eligible low income older workers--about 1 percent in 1994. Still, it is clear that SCSEP is the primary federal source of employment-related services for persons 55 and older.

C. Baby Boom Implications for Employment and Training Programs

The U.S. economy today increasingly rewards high levels of education. The structural transformation in the post-industrial era coincides with the peak working years of the baby boom generation. Baby boomers with relatively high and technical skills and education, like other high-skilled workers, will probably continue to be in demand in the labor market, even as they age, as long as they maintain and upgrade their skills. But, those same educated and skilled baby boomers are also likely to be best-prepared financially for retirement and may have a desire to

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[28]SCSEP *Summary Report* for the annual period ending 6/30/96.

[29]Nancy M. Pindus and Pamela A. Holcomb, *Analysis of the Impacts of Proposed Legislative Changes in the Senior Community Service Employment Program* (Washington: The Urban Institute, March 1996).

leave the labor force earlier. This may suggest that employers may have to pay an even higher premium in the future to keep skilled older workers in the labor market longer. In contrast, those aging baby boomers without higher education (e.g., the 10 percent without high school diplomas) and possibly less financially able to retire, may find it increasingly difficult to compete in the labor market. It is these persons who are most likely to turn to public job training and employment programs. Thus, the aging of the baby boom generation has implications for each of the major employment and training programs described above.

JTPA IIA. There are at least two implications for the regular training programs under JTPA IIA. First, as the overall population ages, the distribution of JTPA eligibles will also shift, with an increase in the number of eligible older workers (relative to younger workers). It is also possible that the proportion of eligible older workers who come forward to seek JTPA services will increase as the baby boom generation ages. For example, younger baby boomers, who now have one of the highest JTPA participation rates, will probably continue to seek public job training services as they make job or career changes in the future. That is, their rate of participation in JTPA may be more similar to the rate they currently have as younger workers, rather than the rate of today's older workers. This group will also experience more work disruptions and transitions than previous groups of maturing workers (e.g., unemployment, dislocation) because the nature of the labor market has changed. All workers, but especially those with low skills, can expect more volatility in employment throughout their work lives as job requirements continue to be redefined in the increasingly technological information-based labor market. Even if just the same proportion of eligibles choose to request JTPA services in the future, there will, therefore, be

increased demand pressure on the system (i.e., more persons applying).

In addition, there will be a shift in the characteristics of JTPA IIA participants that parallels the shift in the age distribution of the labor force, even if the total number of participants must remain the same due to budget constraints. The number of 25 to 34 year olds in 2005 will be lower and the number of 45-64 year Olds will be considerably higher than in 1995. Even if the rate of participation among older workers is the same as in 1995 (very low), there would be about 36,000 JTPA IIA participants over age 45 in 2005, compared to the 18,000 served in 1995, representing about 20 percent of all IIA participants, compared to 11 percent in 1995. If aging baby boomers who comprised the largest share of employment and training participants in the 1970s, 1980s, and 1990s as young workers maintain their interest in such programs, the number of older persons in JTPA in the future (compared to younger persons) could be even higher.

This suggests that the regular JTPA IIA system should re-examine current service delivery approaches to assure that strategies are appropriate for older persons. For example, while older persons can continue to learn new skills, there is evidence that individuals may learn differently as they age. Training programs with significant numbers of mature workers may be most effective if they use small group and individualized instruction, rather than larger classroom instruction which is more the norm in today's JTPA IIA programs. Presumably, the documented success of SCSEP results from the fact that the components and services are specifically designed to meet the needs of the mature population.[30] As JTPA is called upon to serve an increasing number of older workers, some of the strategies that have proven successful in SCSEP (e.g., work experience, and small group instruction) should be adapted for Title IIA programs.

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[30]Pindus and Holcomb, 1996.

In addition, though, JTPA must not reduce its focus on the youngest adults, since those who are 20 to 24 years old will continue to represent the same proportion of all eligibles as in 1995.

Dislocated Worker Programs. As already noted, the maturing of the baby boom generation has coincided with major post-industrial change in the structure of the U.S. labor market. This cohort has had particularly high rates of worker dislocation due to company closures, permanent layoffs, downsizing, and responses to international trade conditions.

Thus, while baby boomers have probably fared better than some other groups of dislocated workers, it is important to also consider that they have experienced very high rates of dislocation that may have affected their lifetime earnings, employment histories, and retirement planning in unique ways. For example, compared to earlier generations, more baby boomers have probably had more spells of unemployment, longer periods of unemployment, and possibly lower earnings increases when they moved to new jobs. Those with low education and few transferable skills are likely to have experienced more than one period of dislocation.

According to BLS, in 1993 and 1994, 3.8 million workers were displaced from jobs they had held for at least three years--about 718,000 less than in the prior two year period.[31] This may suggest some leveling off of the higher rates of dislocation among long-term workers in the 1980s and early 1990s, or it may simply reflect business cycle conditions. Another 4.6 million workers were displaced from short tenure jobs. About 80 percent of the total number of dislocated workers were between 25 and 54 years of age--encompassing the entire baby boom generation

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[31]U.S. Department of Labor, Bureau of Labor Statistics, "Press Release on Displaced Workers"(August 1996).

(which included persons between the ages of 29 and 47 in 1993). Most dislocated workers become reemployed fairly quickly, and the 25 to 54 year olds have the highest rate of reemployment (78 percent, compared, for example to just 52 percent of the 55 to 64 year olds). However, some groups have more difficulty than others, such as women, older workers, and persons with less than a high school education. These are the groups Title III is intended to assist.

If worker dislocation continues over the next few years, even if at a reduced rate compared to the past 15 years, the maturing baby boomers will probably continue to bear the largest share of job losses as long as they comprise the largest segment of the workforce. That is, even a constant level of dislocation will lead to more demand for Title III services by older workers because baby boomers (large in number) will continue to comprise a large share of those who are dislocated.

Older Worker Programs. As the baby boom cohort ages, more persons will also become eligible for specially-authorized older worker services. Beginning in 2001, the first wave of baby boomers will reach 55. The SCSEP program has been fairly effective at helping increase income and employment among older low-income workers who choose to work or must work for economic reasons. At current annual funding levels, though, only about 1 percent of eligibles can be served. Once the baby boom generation begins to reach 55 in 2001, far fewer than 1 percent will be able to be served if SCSEP funding remains constant (i.e., increases annually at the rate of inflation). Since this program has been effective, presumably because its services are targeted on the specific needs of older workers, an increase in funding for both SCSEP and 204(d) programs

proportionate to the increase in the older population seems justified.

Similarly, it may make sense to consider whether the SCSEP and 204(d) programs should be expanded to also serve the younger cohort of mature workers between the ages of 45 and 54 who are now not eligible. In 2005, there will be about 1.2 million more 45 to 54 year old economically disadvantaged adults than in 1995, about one-third of whom will be between the ages of 50 and 54, who presumably would benefit from SCSEP and 204(d) services. At the same time, though, the number of disadvantaged persons over age 55, the traditional target population of SCSEP, will also increase by about 1.4 million. This means it would not be wise to simply shift resources to the younger age group; it may be necessary to both increase resources to serve the growing older population and expand to serve the population in need under age 55, which is also growing rapidly.

D. Baby Boom Implications for Other Related Programs

The previous section suggested that policymakers should consider expanding older worker programs and refocusing general employment and training programs to better meet the needs of the impending increase in disadvantaged older workers. Alternatively, there are ways that the number of older workers in need of employment and training services might be reduced. Policies that encourage workers to continue working into older ages and those that allow older workers to pursue occupational retraining or skill-upgrading, for example, could reduce the number of unemployed and disadvantaged older workers. In addition, the aging of the baby boom generation presents an expanding pool of potential volunteers to perform productive community

service, since the rate of voluntarism is highest among older persons, particularly retirees.

Lifelong Learning

To ease the earnings and income distribution problem that is evident among baby boomers already, it is important to emphasize the feasibility of continued retooling and education for mature workers. Most baby boomers, especially the earlier group, are and will continue to be well-prepared for the modern workplace. Highly educated workers with technical and other skills in demand will continue to be valued in the workplace, especially if the current shortage of highly skilled workers continues. When necessary or desirable, they generally make fairly smooth transitions to new jobs. On average, they are earning wages that should allow them to retire with adequate income.

The less educated and less skilled among them, though, will face greater problems as maturing workers than previous generations. It no longer can be assumed that individuals will be employed long term with one employer or in one industry. Workers increasingly must plan for job and career changes and for continuous retooling. Technological change requires that workers at all levels be able to adapt quickly to new technology and acquire new skills as necessary. To keep pace with the new skills in demand, there may be a need for more ongoing training and retraining of workers, by individuals themselves, as well as by employers, community colleges, and government programs.

There is an immediate need, therefore, to invest more funds and priority on encouraging continuous training, retooling, and learning for the current working age baby boom generation, especially those who have less than a college education. The return on the investment in lifelong

learning will benefit individuals (because they will have more income, security, and options as they approach retirement) and society (because there will be fewer persons older than 65 dependent on government assistance and services beyond Social Security and Medicare as this large generation reaches retirement age early in the next century).

Retirement

Social Security. Much analysis has focused on the effect the retiring baby boom generation will have on the costs of the Social Security System. One major consequence will be that the ratio of Social Security beneficiaries to workers contributing to Social Security will rise dramatically beginning in 2008 when the first of the baby boomers reaches age 62, the early retirement age under Social Security. In 1990, the ratio was 27 beneficiaries for every 100 workers, by 2030, it is expected to be about 43 beneficiaries per 100 workers.[32] Many policy options are being proposed to ease the fiscal burden on Social Security, including raising the normal retirement age, indexing benefits in various ways, and raising Social Security payroll taxes.

Thus, regardless of the political or personal interest in encouraging or discouraging work or retirement among the baby boom generation, one must consider the fiscal impacts of any labor force changes on the future Social Security system. The brief review in the previous chapters suggests a few important implications.

First, baby boomers will be the first generation of retirees for whom the contingency worker issue may become serious. BLS estimates that in 1995 there were between 2.7 and 6 million workers in contingent jobs, meaning they were in jobs expected to last only a limited

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[32] Steuerle and Bakija, 1994.

period of time. Often these jobs pay less than non-contingent positions and offer fewer health, retirement, and other benefits. At this time, contingent workers are disproportionately young: over half of all contingent workers are under 34 years old, even though this age group comprises only about 40 percent of the non-contingent work force. Women and persons with less than a high school education are more likely than other workers to be in contingent jobs. There is little historical data on the precise increase in contingency employment or whether this status will continue to consist primarily of young workers or increase among all age groups.

Assuming that baby boomers will, like other workers, continue the level of contingency work seen in the past decade, a number of new concerns about retirement security arise. There is reason to believe that non-compliance with Social Security regulations is higher in the contingency labor market than in the regular labor market. For example, there is more under reporting of quarters of employment and earnings by employers, contract workers, and the self-employed. In addition, contingent workers are less likely to have employer-sponsored retirement plans. One implication of such under reporting is that persons who have had significant portions of their lifetime employment in the contingency workforce will have lower accumulations for Social Security retirement payments.

Second, male baby boomers have tended to have lower labor market participation rates than their counterparts in prior generations and earlier than women. This suggests that male baby boomers may also formally retire earlier than prior generations. Social Security provisions currently provide lower benefits for those who begin to collect benefits before the normal retirement age of 65 (scheduled to gradually rise to 67 beginning in 2003). Those who retire at 62, for example, receive about 80 percent of the monthly amount they would receive if they began

collecting benefits at age 65. Similarly, those who delay retirement beyond 65 receive a supplemental amount. Those who work beyond some minimal level after they begin to collect benefits receive benefit reductions between the ages of 62 and 70, but benefit increases after age 70. Still, the rate of early retirement for men has gradually declined since the early retirement option was started in 1962, despite the reward for delaying retirement.

There is much discussion about raising the normal retirement age, already scheduled to increase to 67 early in the next century, presumably to counteract the trend toward earlier retirement. In fact, a potentially larger equity problem is raised by the fact that while most elderly prefer earlier retirement, only those with economic resources can adequately afford to retire earlier. Some portion of the so-called early retirees do not have adequate financial resources, even if they begin drawing Social Security benefits. Raising the normal age of retirement is likely to increase poverty rates among the aged baby boomers, especially single surviving spouses (mainly widows). As it is undoubtedly not possible to lower the normal retirement age since that would be too costly to the Social Security system, other realistic policy solutions must be considered to ease the inequities. Steuerle and Bakija, for instance, suggest that instituting partial benefits for those who may not have yet reached retirement age but who choose to reduce their work or have physical difficulties or other limitations that restrict them from working full time. This could expand the early retirement option to a broader segment of the population, while not unduly increasing the fiscal burden on the Social Security system. But at the same time, it may delay the age of retirement for those who might otherwise have fully retired earlier than they really desired.

Pensions and Benefits. Recent estimates indicate that about two-thirds of persons nearing retirement are covered by a pension plan in addition to Social Security.[33] But, here, too, there is much variability. Men, persons with high education levels and high income, and workers in large firms are more likely than others to have pension coverage. Workers without a high school diploma or equivalent are the least likely to be covered by pensions; fewer than half of high school dropouts nearing retirement age, according to GAO, are covered. Today, about 60 percent of retirement age workers with less than $25,000 annual income are not covered by a pension and rely only on Social Security benefits.

The Employee Retirement Income Security Act (ERISA) was enacted by Congress in 1974 to protect the integrity of pension plans and maximize participation in worker pension plans. ERISA provisions establish numerous requirements that employers must meet in order for their employee pension plans to qualify for beneficial tax treatment. For example, the firm must fully disclose all plan documents to participants, cover a certain proportion of employees, assure nondiscrimination, provide survivor benefits and benefits for former spouses. ERISA has been credited with the subsequent increase in pension coverage. But there is still disparity in coverage. For example, the General Accounting Office estimates that while 25 percent of workers now could participate in a 401(k) retirement plan through their employer, only about one-third of those who are eligible to participate, do so. Non-participation is concentrated among the lower paid workers, and those with lower education levels. More extensive public information strategies might be considered to better communicate the benefits of participating in pension plans.

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[33]U.S. General Accounting Office, "401(k) Pension Plans: Many Take Advantage of Opportunity to Ensure Adequate Retirement Income." GAO/HEHS-96-176, 8/2/96.

Another dimension of the changing structure of the U.S. labor market has meant that more workers than in the past can expect to make multiple job changes in the course of their work years. Some workers who have several jobs with different retirement plans may experience an overall reduction in total retirement benefits, especially if they are covered by defined benefit plans or if they "cash out" benefits as they change jobs. ERISA regulations could be modified to encourage and simplify pension transfers when workers change jobs and thus reduce the amount of money intended for retirement that instead is used for other purposes. This change to portability of pensions would be a minor adjustment for employers with defined-contribution retirement plans, but could be very costly to employers with defined benefit plans who might be asked to coordinate or combine their plans with other employers. Federal tax policy might consider changes to ease the employer cost burden in order to encourage more coverage of workers under private retirement plans.

Thus, as the baby boom generation reaches retirement age there will gradually be more older persons without pension income and with low incomes (since the generation is so large), even if the percentage of workers covered does increase slightly due to ERISA. In order to reduce the number and incidence of future baby boom retirees living on low incomes, federal policy makers should consider ways to further increase private pension participation among those workers while they are still in the workforce.

Volunteer Activity

The aging of the baby boom generation coincides with a trend toward longer life expectancy and longer healthy life expectancy. Given the clear evidence that most older persons

prefer retirement, policymakers might do well to capitalize on both the life preferences that seem evident and the fact that more people remain healthy into older ages. Making it even easier to combine work and retirement is one approach to encourage longer productive activity. Policy could continue to encourage work into older ages, but should not miss the opportunity to also encourage as much individual voluntarism as possible.

One policy approach that could harness the productive resources of this generation would be to more directly encourage community volunteer activity. Surveys indicate that retired persons and others voluntarily out of the labor force already have high rates of voluntarism. The maturing baby boom generation represents a valuable national human resource, with high numbers of skilled and educated persons who will continue be able to perform productive community activity in the future, even if it is outside the regular labor market. Schools, medical facilities, community centers, and small businesses, for example, would benefit from an increase in activity by skilled retirees. Policy should encourage such community volunteer work, possibly through the retirement or tax system. Government policies could also be developed to better channel volunteer activity to serve the most important public problems. For example, as state and local governments assume more direct responsibility for welfare, public volunteer coordination agencies may do well to expand their public information and volunteer outreach campaigns, targeting on aging workers.

In addition to the future volunteer potential as the baby boom generation retires, policies could be considered that combine volunteer and community activities with lifelong learning or skill development. For example, some baby boomers today are still out of the labor force raising children. The technological and structural changes in the workplace make it increasingly difficult

to reenter the labor market after a hiatus. Many parents perform extensive volunteer work, even those who are not employed in the regular labor market. Federal policy could be strengthened to provide information or advice to encourage more persons to view their volunteer activity as a related component of their work skills. Volunteer work in schools, for instance, is an excellent way to acquire computer knowledge or keep skills current. Targeted public information campaigns could sensitize individuals and businesses to the value of skills acquired through volunteer activity. Public programs could help community agencies and institutions structure volunteer positions to assure that useful skills are incorporated where possible (e.g., rather than seeking only volunteers who already have computer knowledge, also recruit those who are interested in learning about computers).

IV. SUMMARY AND CONCLUSIONS

The aging of the baby boom generation presents real challenges to policy makers since the huge cohort of older workers includes a proportionately huge number of disadvantaged persons. At the same time, though, the generation offers enormous opportunities, especially because of the high levels of educational achievement in this generation.

The discussions in the previous chapters suggest a number of points that can guide policy considerations:

- **On average the post-World War II baby boom generation has done better in terms of education, income and wealth than any prior generation in history. But the success has not been consistently shared by the generation as a whole.** Those in the earlier segment of the generation (i.e., those currently 41 to 50 years old) have done somewhat better than the younger (and larger) cohort (i.e., those now 32 to 40 years old).

  About 25 to 30 percent of baby boomers have four or more years of college (more than double the rate of their parents' generation); but still 11 to 13 percent lack a high school diploma. Those without high school or without college educations, particularly men, have seen their real earnings decline during their peak employment years. The baby boom generation has been particularly affected by the changing structure of the U.S. labor market since the structural shift from manufacturing to services coincided with their peak employment years (mid 1970s to mid-1990s).

- **There has traditionally been strong public and policy support in the U.S. for allowing maximum individual choice in decisions related to retirement and working. While many older persons have always worked well into their older years, the clear preference currently is for earlier retirement.** Provisions in Social Security and pension policies influence the age at which individuals retire. Most recently, federal policy has encouraged individuals to work longer and delay retirement--those who choose to retire early at age 62 instead of the normal retirement age of 65 receive reduced Social Security benefits. The system also rewards workers who delay retirement beyond age 65.

  But the average age of retirement continues to decline. About half of all new

retired-worker benefits under Social Security are for persons 62 years old; and over two-thirds of total benefits are for persons under 65 years old. Much of the decrease in retirement age is probably due to increased preference for leisure time, more generous private pensions, and generally increased wealth. Some of the decrease may reflect an increase in firm and employer policies to encourage early retirement as part of overall downsizing and restructuring, and a reluctance to hire or retain older persons.

- **Life expectancy is increasing, as is "healthy" life expectancy.** This means that not only are individuals living longer after they retire, but they are healthy enough to continue working or performing other productive activity longer than previously had been the case.

- **The structure of work has changed and continues to change dramatically in the post-industrial era.** The presence of computer and communication technology and the value placed on "soft skills," rather than physical strength, in the workplace provides broad new opportunities for continuing work later in life for those who have up-to-date skills. In contrast, though, those without the skills that are in demand will have fewer options in their older years, just as they did during their younger years.

These facts suggest that there are separate policy implications for different subgroups and age groups of the maturing population. During the ages of 30 to 50, most individuals are at their peak in terms of employment, earnings, and income. The policy emphasis during this age should be to enhance workers' ability to increase wages, enhance careers, and upgrade skills. The period from about age 50 to 60 or 65 is traditionally considered the phase during which individuals plan for retirement. The policy emphases here should focus on assuring continued employment security and non-discrimination in the workplace. Once individuals reach retirement age, new employment policy issues arise based on both preferences for continued employment versus leisure and one's need for income from employment. Increasingly, there is not always a clear-cut demarcation between one's working years and one's retirement years; more often there is a gradual reduction in work or a change in work status or occupation or even a career change. The

policy focus during this age should focus on economic and health security, flexible work arrangements for those who choose to work or must work for economic reasons, and respect for personal preferences.

Within each age group, some individuals will have fewer choices than others. Those with high education and skills and adequate wealth (savings, pensions) can choose when to retire, and whether to continue to work, fully retire, or combine retirement with work. Some may choose phased retirement, or decide to pursue a second (or third) career after formal retirement. Many retire because it is often more feasible than continuing to work (e.g., accepting an employer's early retirement option). Research generally finds that most retirees welcome retirement and early retirement.[34]

However, those with less education, skills inadequate for the current workplace, and/or limited wealth generally perceive they must continue to work, even if they would prefer more leisure time. The increase in "contingent" workers in the 1980s and 1990s may mean that in the next few decades as the baby boomers reach their retirement years, there may be a higher proportion of older workers than in the past who do not have access to pensions, health plans, and other benefits beyond Social Security compared to the current and previous generation of retirees. Thus, there will be more older persons who must continue some labor market activity to assure their economic security. Federal employment and training policy makers should be most concerned about these less well-off aging baby boomers. The brief review of the status and prospects of the maturing baby boom generation in this report suggests that current federal

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[34]U.S. Department of Labor, *Older Worker Task Force: Key Policy Issues for the Future*. (Washington, D.C.: U.S. Government Printing Office, January 1989).

employment policies already provide an appropriate framework for services. No obvious new programs *per se* are called for. However, a number of implications are suggested by the review.

First, the JTPA system may begin to see more older participants and proportionately fewer young adults. The aging baby boomers will affect the age distribution of the total adult economically disadvantaged population between the ages of 20 and 70, that is, the population eligible for JTPA. The disadvantaged population will increase by about 2.3 million persons (or 9.5 percent) between 1995 and 2005, consistent with the projected growth of the population as whole. However, *the aging of the baby boom will mean that the age distribution of the disadvantaged population will shift up. In 2005, there will be about 1.3 million more 45 to 54 year old disadvantaged adults than in 1995, and about three-quarters of a million fewer 25 to 34 year olds*. The participation of older persons in JTPA to date has been very low--fewer than .5 percent of older eligible persons actually participate in IIA programs. That rate may increase in the future, though, if the current baby boomers, who have fairly high rates of participation, maintain their interest in public job training programs. Even if that rate does not change, the aging baby boom means that the number of older workers in IIA programs would nearly double between 1995 and 2005 (from about 18,000 to about 36,000). The JTPA system should re-examine current service delivery approaches to assure that strategies are appropriate for older workers. Many more older workers participate in Title III programs for dislocated workers, with persons over age 45 representing about one-third of all Title III participants in 1995. One might reasonably expect that they will continue to make up an increasingly larger share of Title III participants over the next several years as baby boomers age, given the high rates of dislocation experienced by this generation.

Second, as the baby boom cohort ages, more persons will also become eligible for the specially-authorized older worker employment programs. The SCSEP program has been fairly effective at helping increase income and employment among low-income workers of the age of 55. At current funding levels, though, only about 1 percent of eligibles can be served in SCSEP. Once the baby boom generation begins to reach 55 in 2001, far fewer than 1 percent will be able to be served if funding remains constant. Since this program has been effective, presumably because its services are targeted on the specific needs of older workers, an increase in funding proportionate to the increase in the older population seems justified. In addition, given the documented success of the SCSEP, one way to improve JTPA's service to older workers would be to consider ways to adapt some of the strategies used in SCSEP, including, for example, appropriate use of work experience or small-group workshops and instruction.

Similarly, it may make sense to consider whether the SCSEP and 204(d) programs could be expanded to also serve the younger cohort of mature workers (i.e., under 55) who are not now eligible. While there is clearly going to be an increased need, though, it is important that services to the older group (i.e., over 55) not be reduced to serve the younger group. Projections are that there will be about 1.2 million more 45 to 54 year old disadvantaged adults in 2005 than in 1995, and that one-third of these will be between the ages of 50 and 54. However, there will also be an increase of about 1.4 million disadvantaged persons *over* the age of 55. Services should not be reduced for those over 55, but there seems to be a clear need for additional services for those under 55, especially those between 50 and 54.

Finally, policymakers should consider ways to leverage both public and private resources and/or initiatives to both minimize the number of retired baby boomers who need extra public

support and maximize the productive activity that this highly educated generation can continue to provide well into their sixties and beyond. That is, the future public policy pressures could be countered somewhat by further developing and then channeling the potentially valuable human capital present in the generation. In addition, there may be new opportunities to use the high number of skilled and educated persons in this generation in productive activity even if it is outside the regular labor market after they reach retirement age.

Thus, there is very clear evidence from the review and analyses in the previous chapters that the demand for employment services and income support for older low-income persons will substantially increase as the baby boom generation ages. That demand, mainly from those with relatively less education and skills, suggests that current employment and training programs should begin now to prepare for the aging of its participants.

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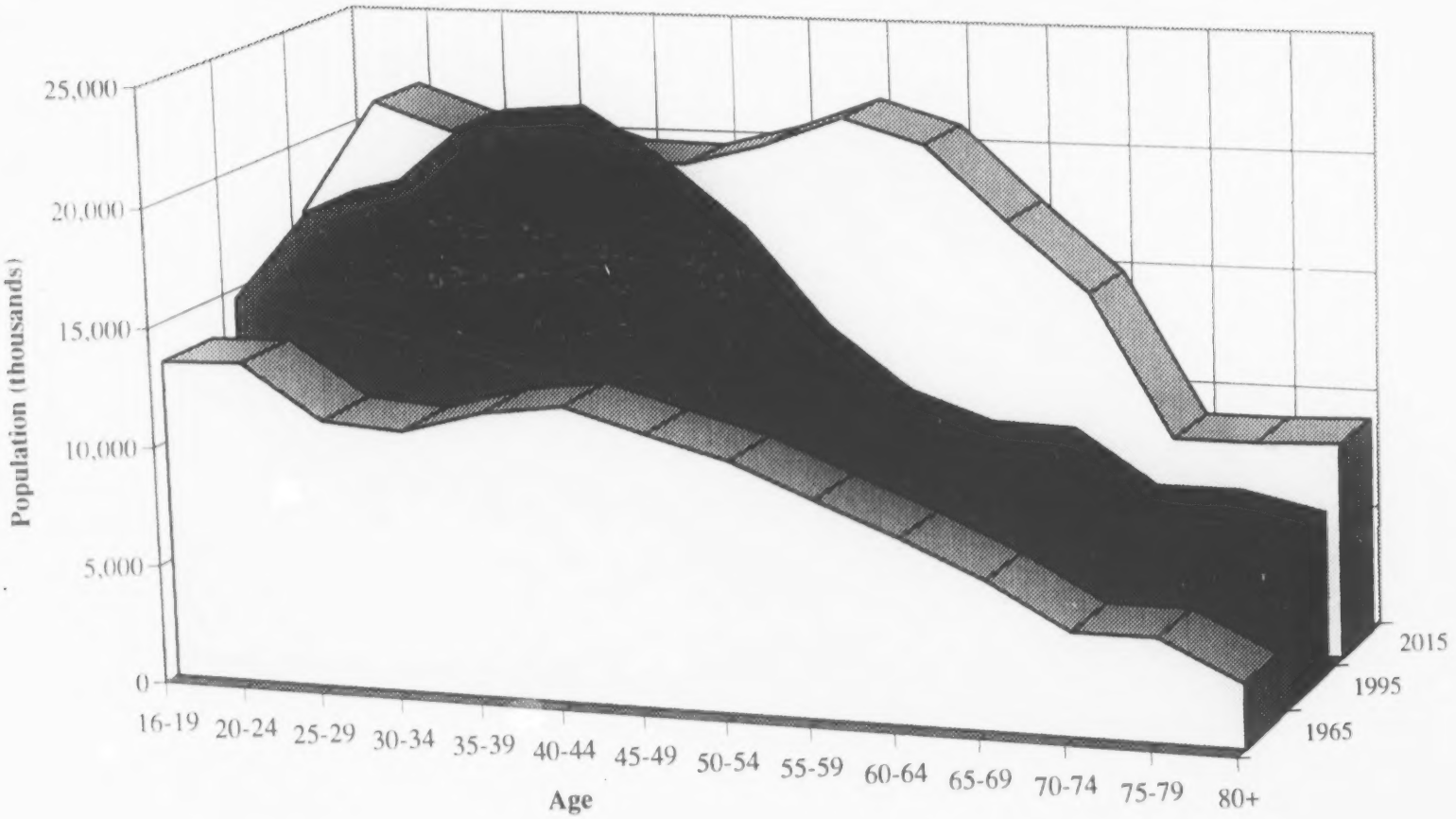
Appendix A: The U.S. Population Increases and Ages Over Time
Selected Years 1965-2015



Appendix B:
Estimated Labor Force Activity of Mature and Older Workers, Selected Years 1985-2020

Status and Age Group	1985	1990	1995	2000	2005	2010	2020	% change 1995-2005
In Labor Force	9.3 million	11.6 million	14.7 million	16.6 million	18.5 million	18.5 million	15.8 million	25.9%
45-49 yr olds	8.0	8.9	10.6	13.3	15.1	16.8	15.2	42.5
50-54 yr olds	7.2	7.1	7.4	8.8	10.9	12.3	13.7	47.3
55-59 yr olds	4.8	4.8	4.4	4.7	5.6	7.1	8.9	27.3
60-64 yr olds	1.7	2.1	2.1	2.3	2.2	2.4	3.4	4.8
65-69 yr olds	1.5	1.8	2.2	2.4	2.7	2.5	3.0	22.7
70 and older								
Employed	8.9 million	11.1 million	14.1 million	15.9 million	17.7 million	17.7 million	15.1	25.5%
45-49 yr olds	7.7	16.1	10.2	12.8	14.5	16.1	14.6	42.2
50-54 yr olds	6.9	11.8	7.1	8.4	10.4	11.8	13.1	46.5
55-59 yr olds	4.6	6.8	4.2	4.5	5.4	6.8	8.5	28.6
60-64 yr olds	1.6	2.3	2.0	2.2	2.1	2.3	3.2	5.0
65-69 yr olds	1.4	2.4	2.0	2.2	2.6	2.4	2.8	30.0
70 and older								
Working P/T but Want F/T	427,000	532,800	676,800	763,200	850,000	850,000	724,800	25.6%
45-49 yr olds	369,600	412,800	489,600	614,400	700,000	770,000	700,800	43.0
50-54 yr olds	331,200	326,400	340,800	403,200	500,000	570,000	628,800	46.7
55-59 yr olds	220,800	220,800	201,600	216,000	260,000	330,000	408,000	29.0
60-64 yr olds	16,000	20,000	20,000	22,000	20,000	20,000	32,000	0.0
65-69 yr olds	14,000	17,000	20,000	22,000	30,000	20,000	28,000	50.0
70 and older								
Unemployed	390,600	487,200	617,400	697,200	777,000	770,000	663,600	25.9%
45-49 yr olds	336,000	373,800	445,200	558,600	634,000	706,000	638,400	42.4
50-54 yr olds	357,000	298,200	310,800	369,600	458,000	516,000	575,400	47.4
55-59 yr olds	196,800	196,800	180,400	192,700	229,000	291,000	364,900	26.9
60-64 yr olds	74,800	92,400	92,400	101,200	97,000	105,000	149,600	5.0
65-69 yr olds	75,000	90,000	110,000	120,000	135,000	125,000	150,000	22.7
70 and older								

Source: Urban Institute calculations based on BLS and SSA data and projections.

Appendix C:
Estimated Number of Mature and Aged Adults Below Poverty, Selected Years 1985-2020

Status and Age Group	1985	1990	1995	2000	2005	2010	2020	% change 1995-2005
Low Earnings Workers								
45-49 yr olds	2.4 million	3.0 million	3.8 million	4.3 million	4.8 million	4.8 million	4.1 million	26.3%
50-54 yr olds	2.1	2.3	2.8	3.5	3.9	4.3	3.9	39.3
55-59 yr olds	1.9	1.8	1.9	2.3	2.8	3.2	3.6	47.4
60-64 yr olds	1.3	1.3	1.1	1.2	1.5	1.8	2.3	36.4
65-69 yr olds	0.5	0.6	0.6	0.6	0.6	0.6	0.9	0.0
70 and older	0.4	0.5	0.5	0.6	0.6	0.6	0.8	20.0
Below Poverty								
45-49 yr olds	1.0 million	1.1 million	1.4 million	1.6 million	1.8 million	1.8 million	1.6 million	28.6%
50-54 yr olds	1.3	0.9	1.1	1.3	1.5	1.7	1.6	36.4
55-59 yr olds	0.9	0.9	0.9	1.0	1.3	1.5	1.7	44.4
60-64 yr olds	0.8	0.8	0.7	0.8	1.1	1.4	1.5	57.1
65-69 yr olds	0.9	1.0	0.9	0.9	1.0	1.2	1.6	11.1
70 and older	2.3	2.5	2.8	3.0	3.3	3.4	4.3	17.9
Economically Disadvantaged								
45-49 yr olds	1.4 million	1.7 million	2.1 million	2.4 million	2.7 million	2.6 million	2.3 million	28.6%
50-54 yr olds	1.3	1.4	1.6	2.0	2.3	2.6	2.4	43.8
55-59 yr olds	1.7	1.6	1.6	1.9	2.4	2.8	3.1	50.0
60-64 yr olds	1.6	1.6	1.5	1.6	1.8	2.6	3.0	20.0
65-69 yr olds	1.5	1.6	1.6	1.5	1.6	1.9	2.7	0.0
70 and older	2.8	3.1	3.5	3.7	3.8	3.9	5.1	8.6

Source: Urban Institute calculations based on BLS and SSA data and projections. Low earnings workers are those earning less than $15,000 annually (1993 dollars). Economically disadvantaged estimates for 1990 are from Pamela Loprest and Burt Barnow, "Estimating the Universe of Eligibles for Selected ETA Programs," Washington, D.C.: The Urban Institute, October 1993; with calculations for subsequent years based on extrapolations.